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Tunisia

Oilseeds and Products

Annual

2004

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Report Highlights:
Rising protein meals demand estimated at 315,000 MT in CY2004 is exclusively met by imports of soy meal. Relatively expensive U.S.-origin soy meal is losing ground in the Tunisian market. Soy oil sourced from the U.S. is facing the same lack of competitiveness. This situation is likely to continue through CY 2005 unless Tunisia starts importing soybeans.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

Statistical Note: In this report we refer to calendar year as a reporting period instead of the marketing year for all the oilseed products except for the olive oil. This is due to both the lack of soybean and products domestic production and the availability of reliable data on a calendar year basis only. So, for instance, CY 2003 is used instead of MY 2002/2003 for soybeans & products. The average CY 2003 exchange rate used for the purpose of this report is: 1.00 US$ equivalent to 1.29 TD.

In Tunisia, all supplies of oilseeds and derived products, except olive oil, are sourced from imports. For MY 2003 (11/03 – 10/04) favorable weather conditions allowed the olive production to recover markedly. This situation has translated into higher olive oil availability for both export and domestic consumption.

Rising demand for protein meals is exclusively met by imports of soy meal. Relatively expensive U.S. origin soy meal is losing ground in the Tunisian market. Soy oil sourced from the U.S. is facing the same lack of competitiveness.

There are, so far, no soybean imports into Tunisia. However, such imports are likely to occur some time during CY 2005. Such a shift is likely to help U.S. soybean products recover their respective lost market shares.

TOTAL OILSEEDS

Production

Tunisia has no significant oilseeds production. Olive tree farming is the only domestic source of edible oils. MY 2003 (11/03 – 10/04) olive output is estimated at 1 million MT, showing a nearly three-fold increase from the previous year's output. A relatively small 10,000 MT production of table olives is also reported, down from the 12,000 MT recorded a year earlier. Local sunflower-seed production, at less than 10,000 MT, is minimal.

Consumption

The entire olive harvest is processed into various grades of olive oil by numerous olive mills located nearby the olive groves. In MY 2003 it is estimated that nearly half the country's total 1,500 mills took part in the crushing season, which usually starts at mid November and runs for two to four months, according to the harvest's size and the availability of workforce, as the harvesting is still done manually.

Sunflower-seed consumption reaches about 10,000 MT annually, while Tunisia's annual peanut consumption, equivalent to roughly 4,500 MT (shelled basis), has remained stable during the last few years. Annual sesame-seed consumption is estimated at about 9,000 MT, mainly for human consumption in forms of tahina (a confectionary paste made of ground, roasted sesame seeds).

Trade

Apart from sesame-seed imported for confectionery purposes and peanuts used as salty snacks, Tunisia currently does not import oilseeds to be processed into protein meals and edible oils. However, import of soybeans is likely to occur in the medium run for at least one Tunisian investor is seriously considering the launching, sometime during CY 2005, of a soybeans crushing facility.

TOTAL OIL MEALS

Production

In Tunisia, imports supply all protein meals for the animal feed industry. Imported soy meal along with a variety of other minor feed ingredients are manufactured by nearly 750 feed mills (560 commercial size and 190 on-farm units) into compound feed according to standardized feed formulas.

Consumption

In Tunisia, protein meals feed consumption is made up, almost exclusively, of soy meal. An estimated 75 percent of the imported soy meal is used for the broiler and egg productions. In CY 2003, the consumption went back to its normal level after experiencing an all-time high last year, on account of acute shortage of alternative feedstuffs due to a severe drought.

The CY 2004 soy meal consumption outlook is based on a 10-percent increase to reflect an equivalent projected increase of the poultry production planned by the Government to head off the shortages experienced last summer and at the early fall. The poultry supply disruptions were partially ascribed to the changing patterns of tourism. The significant rise of tourists having consumption patterns comparable to the Tunisians from nearby Algeria and Libya brought in an unexpected demand.

Soy meal demand is also driven, although at a much lesser extent, by the dairy sector as well as feedlot activities. Both account for the remainder 25 percent.

Trade

Tunisia's soy meal imports over the last four calendar years were as follows:

Tunisian Soy meal Imports

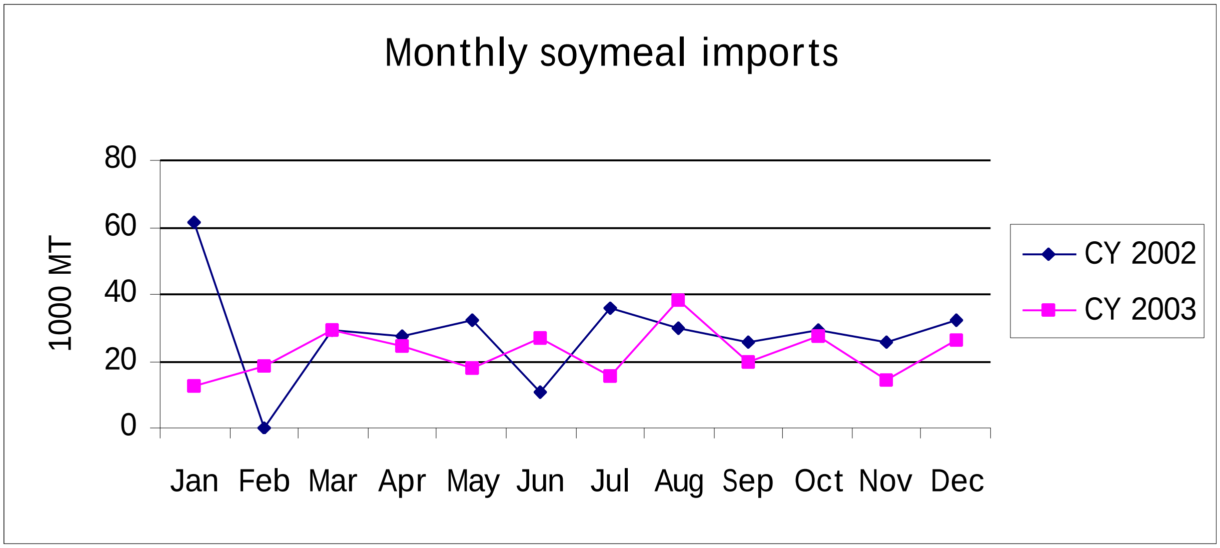
	CY 2000	CY 2001	CY 2002	CY 2003
Quantity (in 1000 MT)	263.9	266.0	338.7	270.3
Value (in million USD)	53.6	56.1	75.2	61.8
CIF Unit price (USD/MT)	203.1	210.9	222.0	228.6
Year-on-year quantity growth	-	0.8 %	27.3 %	- 20.2 %

Source: Institut National de Statistiques (INS)

The downward consumption trend previously mentioned translated into a significant decrease of soy meal shipped to Tunisia in CY 2003. Soy meal imports went down to their normal level after experiencing a temporary spike trigged by acute shortage of local forages.

Argentina-sourced soy meal, noticeably cheaper than U.S.-originating meal (the average CY 2003 CIF price was 227 USD/MT vs. 243 USD/MT) continues to enjoy the lion's share of Tunisian imports. This situation is likely to persist as Tunisian importers and end-use farmers are price-driven. Moreover, importers, often lacking adequate storage facilities, prefer Argentinean soybean meal, which reportedly, has lower moisture content and thus is less prone to deterioration.

The CY 2004 carry-in stock is estimated to be roughly equivalent to a one-month demand. This estimate is underpinned by the historical import patterns showed in the chart below.



Soy meal is imported continuously throughout the year at the pace of 25,000 MT on average per month (equivalent to a shipload). This supply scheme reflects a situation where imports are driven by an inelastic and quite predictable demand, rather than by attempts to build up inventories. The CY 2005 outlook is based on the assumption that consumption will remain barely equivalent to the CY 2004 level. We expect some minor stock building-up over the course of CY 2005 after an expected relatively low CY 2004 carryout stock.

Policy

Soybean meal and pellets imports from all origins are subject to a 17 percent customs duty and to a 6 percent VAT. However, the EU benefits from a relatively small TRQ of 6,000 MT currently subject to an 8 percent tariff. This tariff will be phased out completely by January 1, 2005.

The implementation of a national strategy to reach self-sufficiency in red meat and dairy products is likely to impact positively on the imports of soybean meal. Cattle fattening is increasingly becoming a structured activity, and therefore the regular use of soybean meal as a feed ingredient is likely to intensify.

TOTAL OILS

Production

Olive oil is the only edible oil produced in Tunisia on a commercial scale. (See TOTAL OILSEEDS, Production section).

Consumption

Most of Tunisia's requirements for edible oil are met from imports of crude oils (refined locally) or from its own production of olive oil. Domestic olive oil consumption levels are tightly linked to the production levels and hence to the price levels. Domestic olive oil consumption is relatively price elastic: it varies from a maximum of 70,000 MT reached in MY 1997, characterized by an abundant harvest, to about 30,000 MT in the MY 2002. The relative expensiveness of the olive oil makes it unaffordable for the majority of consumers who rely instead on other vegetable oils, mainly imported soybean oil, which is refined and bottled locally. In general olive oil is mainly used as an occasional salad dressing whereas vegetable oils are used in everyday cooking.

In addition, the consumption of margarine, produced locally using palm, copra and to a lesser extent soybean oil, is growing at the average pace of 7 percent per year.

Trade

Tunisia's olive oil exports represent a main source of foreign exchange. MY 2003 exports are poised to surge as a consequence of larger supplies and better export opportunities on the EU market.

On the import side, Tunisia continues to rely heavily on soybean oil to meet the households' needs for vegetables oils. The breakdown of edible oils imports over the last four-year period is shown in the following table:

Tunisian Vegetable Oil Imports

Unit: in 1000 MT

	CY 2000	CY 2001	CY 2002	CY 2003
Soybean oil	127	95.6	181.1	193.0
Rapeseed oil	24.4	0	0	0
Corn oil	17.4	15.3	29.8	48.8
Palm oil	9.3	15.4	18.4	21.4
Copra oil	4.8	5.2	4.0	5.7
Other oils (mainly linseed and sunflower oils)	0.9	0.8	0.6	1.5
Total	**183.8**	**132.3**	**233.9**	**270.4**

Source : Institut National de Statistiques (INS)

Imports of rapeseed oil were discontinued since CY 2000 due to higher prices compared to soybean oil. This price spread tends to disappear thus opening the door to the resumption of rapeseed oil imports into Tunisia.

In CY 2003, soybean oil continued to be predominately sourced from the EU, accounting nearly for three-quarters of the entire quantity shipped to Tunisia. The remainder is sourced from Brazil and Argentine. The U.S.-origin soybean oil, lacking price competitivity, accounted for a mere 3 percent of the overall imported quantity.

However, corn oil imports, entirely sourced from the U.S., are surging. This type of oil is predominately intended to the Libyan market. It is refined and bottled in Tunisia and then re-exported to this neighboring country. Palm and copra oils imports are also on the rise driven by the surging domestic consumption of margarine.

Policy

The policy adopted by the GOT takes into account the following imperatives:

- Assure a maximum export of olive oil, given the country's hard currency needs.
- Import vegetable oil at the lowest cost possible: Tunisian vegetable oil market is price-sensitive and quality plays a very small role in GOT purchasing decisions.
- Assure that the local market price is accessible to the least favored income brackets: considered as an important staple product, food oils benefit from consumer subsidies.

In addition, the GOT oilseeds policy allows for an increased role for the private sector. The vegetable oil imports into the Tunisian market have been liberalized. However, private operators must comply with government tender specifications. These specifications include the provision that a minimum storage capacity of 10,000 MT shall be made available by the private importer prior to any import operations.

The level of customs tariffs imposed on vegetable oil depends mainly on the degree of refining. Crude soybean oil imports are subject to 15 percent duty and zero percent VAT, while crude corn oil imports are subject to 15 percent duty and 18 percent VAT. The EU-Tunisia Agreement specifies that an overall annual preferential tariff quota of 100,000 MT of vegetable oils (including soybean oil, rapeseed oil, ground nut oil, protein oil, etc.) will have a tariff rate reduced from 15 percent (in 2001) to zero percent in five equal steps between January 1, 2001 and January 1, 2005. The current tariff rate (in 2004) is 3 percent.

Biotechnology

So far, shipments of oilseeds and products have not been subject to any specific biotechnology regulations, either when entering Tunisia or during their processing and marketing.

Tunisia has drafted legislation that controls the use of biotech ingredients in food and feed products. However, sources indicate that this legislation may not be implemented until the current US-EU standoff over biotech crops is resolved.

STATISTICAL SECTION

PSD Soybean Meal

Country	Tunisia					
Commodity	Meal, Soybean					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		1/2003		1/2004		1/2005
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999						
Beginning Stocks	15	40	0	25	0	10
Production	0	0	0	0	0	0
MY Imports	330	270	360	300	0	330
MY Imp. from U.S.	100	26	110	25	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	345	310	360	325	0	340
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0		0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	345	285	360	315	0	315
TOTAL Dom. Consumption	345	285	360	315	0	315
Ending Stocks	0	25	0	10	0	25
TOTAL DISTRIBUTION	345	310	360	325	0	340
Calendar Year Imports	0	270	0	300	0	320
Calendar Yr Imp. U.S.	0	26	0	25	0	25
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix Soybean Meal

Import Trade Matrix			
Country:	**Tunisia**	**Units:**	**1,000 MT**
Commodity:	Soybean Meal		
Time period:	CY		
Imports for	**2002**		**2003**
U.S.	81	U.S.	26
Others		Others	
Argentina	255	Argentina	244
France	3	France	0
Total for Others	258		244
Others not listed	0		0
Grand Total	**339**		**270**

PSD Soybean Oil

Country	Tunisia					
Commodity	Oil, Soybean					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		1/2003		1/2004		1/2005
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999						
Beginning Stocks	10	27	0	35	0	25
Production	0	0	0	0	0	0
MY Imports	175	193	190	155	0	155
MY Imp. from U.S.	15	6	25	5	0	5
MY Imp. from the EC	120	140	120	115	0	115
TOTAL SUPPLY	185	220	190	190	0	180
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	185	185	190	165	0	165
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	185	185	190	165	0	0
Ending Stocks	0	35	0	25	0	15
TOTAL DISTRIBUTION	185	220	190	190	0	180
Calendar Year Imports	0	160	0	155	0	0
Calendar Yr Imp. U.S.	0	20	0	5	0	0
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix Soybean Oil

Import Trade Matrix			
Country:	**Tunisia**	**Units:**	**1,000 MT**
Commodity:	Oil, Soybean		
Time Period:	CY		
Imports for	**2002**		**2003**
U.S.	16	U.S.	6
Other		*Other*	
Argentina	39	Argentina	26
Brazil	16	Brazil	21
EU	110	EU	140
Total of Others	165	Total of Others	187
Others not listed	0	Others not listed	0
Grand Total	**181**	**Grand Total**	**193**

PSD Olive Oil

Country	Tunisia					
Commodity	Oil, Olive					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		11/2002		11/2003		11/2004
Area Planted	0	1340	0	1340	0	1340
Area Harvested	0	1200	0	1200	0	1200
Trees	0	55230	0	55230	0	55230
Beginning Stocks	10	5	10	5	10	45
Production	90	70	90	200	0	140
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	100	75	100	205	10	185
MY Exports	40	40	40	120	0	120
MY Exp. to the EC	34	37	34	100	0	100
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	50	30	50	40	0	40
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	50	30	50	40	0	0
Ending Stocks	10	5	10	45	0	25
TOTAL DISTRIBUTION	100	75	100	205	0	185
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	80	40	0	120	0	0
Calndr Yr Exp. to U.S.	0	1	0	3	0	0

Export Trade Matrix Olive Oil

Export Trade Matrix			
Country:	**Tunisia**	**Units:**	**1,000 MT**
Commodity:	Oil, Olive		
Time period:	MY		
Exports for	2001		2002
U.S.	1	U.S.	1
Others		Others	
Italy	20	Italy	28
		Spain	9
Total for Others	20		37
Others not listed	1		2
Grand Total	**22**		**40**